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13 August 1959

Deputy Comptroller

Chief, Administration Staff, Office of Communications

Financial Management Improvement Instruction No. 4, Supplement No. 1,
Controls of Costs from Indirect Obligations (Controls of Costs of
Property Issues).

REFERENCE: Memorandum to the Deputy Director (Support) from the Deputy
Comptroller, Same Subject.

1. The Office of Communications concurs in reference memorandum subject to
your consideration of the following comments.

2. It is noted that the field cost limitation procedures are to be effective
for Fiscal Year 1960. We believe that the effective date should be 1 July 1959
and that property issues which have occurred since that date should be retro-
actively charged to cost limitations. Another problem to be resolved in this
connection is the determination of the cost limitation required for items which
were requisitioned during Fiscal Year 1959, or previous fiscal years, which will
be issued in FY 1960. This, of course, brings up the problem of carryovers be-
tween fiscal years.

3. It is also believed that cost limitations should be subdivided by the
stock procurement allotment categories; i.e., TSS/Commo/Medical/QM/etc.

4. Since FPA reports and records are maintained by the Accounts Branch of
the Finance Division, it is felt that the integration of reports on property
requisitions and issues submitted by field locations could best be tabulated by
the Accounts Branch, and then disseminated to Division budget and fiscal officers
for (a) integration of issues to Type II stations and (b) information as to
status of Type I cost limitations.

5. It is strongly felt that the Type I installations should operate under
procedures requiring certification of requisitions prior to issuance of property
As an alternate to the proposed procedure for certification of requisitions sub-
sequent to issue, we suggest the following procedures:

a. Two copies of each requisition should be forwarded to the Finance
Officer by the Accountable Officer immediately upon his receipt
of the requisition; and

b. Upon receipt of the requisition by the Finance Officer, the
procedures outlined under paragraph 2b.(1)-(4) of subject
issuance should be carried out. One copy of the requisition
bearing the cost limitation certificate should be returned
to the Accountable Officer for his retention. One copy should
be maintained in the files of the Finance Officer.

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Replied to per Mr.
Mark Dispart 11/4/2
Orig. to Mr.
per Mr.
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SUBJECT: Financial Management Improvement Instruction No. 4, Supplement No. 1, Controls of Costs from Indirect Obligations (Controls of Costs of Property Issues).

6. In the proposed Supplement No. 1, there are no specific provisions for establishing cost limitations at Type I installations for operationally expending equipment in support of an activity or project at a Type II installation. Rather than attempting to establish cost limitations for specific activities or projects for situations just mentioned, it is felt that procedures should be established so that the activity or project could be charged at the headquarters level based on reports furnished from the field.

7. If it is determined that the above detail is not necessarily needed in the proposed Supplement No. 1, it is then urged that procedures issued to the field in the form of book dispatches or other dispatches cover these points.

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